MULTIMEDIA UNIVERSITY

STUDENT IDENTIFICATION NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2015/2016 SESSION

BBL2014 – BUSINESS LAW

(All sections/Groups)

03 March 2016
02.30p.m – 04.30p.m
(2 Hours)

INSTRUCTION TO STUDENTS

1. This Question paper consists of 3 pages including cover page.
2. Answer **ALL FOUR (4)** questions.
3. Marks for each of the questions are given.
4. Please write your answers in the Answer Booklet provided.

QUESTION 1

Spectre Sdn Bhd ("Spectre") is a small private limited company with five (5) shareholders. Its directors are James and Bond. Its objects clause states as follows:

(i) to manufacture and sell biscuits;
(ii) to buy and sell wooden furniture; and
(iii) to carry on any other business, which in the opinion of the board of directors can be carried on with the above businesses of the company.

In April 2015, Spectre entered into a contract with Omega Sdn Bhd ("Omega"), a steel manufacturing company, for the purchase of 90,000 kilograms of steel. The steel will be delivered to Spectre next month. The decision to purchase the steel was made by James and Bond with the intention of making the company branch off into the manufacture of steel cabinets and other office equipment made of steel. Chaplin, a shareholder, believes that the contract for the purchase of the steel is outside the scope of the objects clause of Spectre. He seeks your advice in respect of this matter.

Advise Chaplin on:
(a) whether the contract to purchase the steel is an *ultra vires* transaction; and (15 marks)
(b) his rights in respect of the said contract. (10 marks)

(Total: 25 marks)

QUESTION 2

Ming, who owned a rare vintage car offered to sell it to his friend Ron. The offer was made through a letter dated 1 May 2015, which was posted on the same day. The letter expressly stated that the offer is valid until 10 May 2015. Ron received the letter on 5 May 2015 and immediately posted his letter of acceptance to Ming. Due to a postal delay, this letter reached Ming only on 12 May 2015. Meanwhile, on 11 May 2015, Ming, not having heard from Ron, sold the car to someone else.

Advise Ron:
(a)What is the "postal rule" in the contract law ? (5 marks)
(b) whether he can successfully sue Ming for breach of contract; and (10 marks)
(c) whether he is likely to obtain the remedy of specific performance. (10 marks)

(Total: 25 marks)

Continued...

QUESTION 3

(a) Insurance contracts are uberrimae fidei (of the utmost good faith). Explain the meaning of this legal principle.

(10 marks)

(b) Jonathan's shophouse which is charged to Pacific Bank is insured against fire. In his application for fire insurance Jonathan stated that the shophouse is used as a florist shop. Subsequently, a fire broke out in Jonathan's shophouse. The fire was caused by an explosion of thirty (30) huge gas cylinders which were stored in the shophouse.

Advise Pacific Bank under the insurance policy. Give reasons for your answer and support with cases.

(15 marks)

(Total: 25 marks)

QUESTION 4

Elaborate and discuss five (5) implied terms under the Sale of Goods Act 1957. Support your answer with cases where applicable.

(Total: 25 marks)

End of Paper